

Plastic Market Development Payment Program Instructions

Objectives

The Department of Conservation (Department), Division of Recycling (Division), has prepared this bulletin to assist and encourage eligible certified entities and plastic product manufacturers to use empty plastic beverage containers as feedstock for manufacturing in California, and to assist eligible companies in qualifying and properly reporting for the Plastic Market Development Payments (MDP) authorized under Public Resources Code, §14549.2.

Plastic Market Development Payment Program

The passage of AB 3056 (Chapter 907, Stat. 2006) created the Plastic Market Development Payment Program to develop California markets for recycled empty plastic beverage containers. Subject to the availability of funds, the Department shall make Plastic Market Development Payments of up to \$5 million annually until January 1, 2012, to certified entities and California product manufacturers.

Up to \$150 per ton, as determined by the Department, may be paid to each of the following eligible entities:

1. A certified entity washing and producing flake, pellet, or other form usable for a product manufacturer from empty plastic beverage containers collected in the state for recycling; and
2. A product manufacturer using the plastic material from the certified entity to manufacture a plastic product in the state.

Certified entities and product manufacturers shall each submit a Plastic MDP Claim Form (PMD 2 (03/07)) to the Division each calendar quarter in which the payment is being claimed.

A California product manufacturer shall complete a Plastic Market Development Payment Identification Number Application (PMD 1 (03/07)) prior to completing and submitting a Plastic MDP Claim Form (PMD 2 (03/07)) to the Division. [Attached]

In addition, a California product manufacturer shall complete a Payee Data Record Form (STD 204) and submit it to the Division at the same time as the Identification Number Application (PMD 1 (03/07)). The Payee Data Record Form will facilitate the processing of the market development payments made to California product manufacturers. The Payee Data Record Form is available at: <http://www.documents.dgs.ca.gov/os/p/pdf/std204.pdf>

To be eligible for payment, the Plastic MDP Claim Form (PMD 2 (03/07)) must be postmarked no later than the tenth day of the second month following the reporting quarter. Claims postmarked after this date or incomplete claims may be denied payment.

Only California Refund Value (CRV) plastic beverage containers are eligible for MDP. Each entity is responsible for ensuring that only CRV material is claimed. To assist in determining the proper amount of CRV materials claimed for MDP, the Department shall determine a statewide average MDP rate for PET and HDPE, annually, effective January 1. The MDP rates shall be used to determine the total eligible MDP payments for certified entities and product manufacturers after exclusion of all non-qualifying material (out of state, plant rejects, industrial scrap plastic, and other non-qualifying plastic material). The MDP rates shall be published on the Department's website. The MDP rates are calculated using the received weight divided by the redeemed weight as reported on the Shipping Reports Form (DR –6 (06/07)) by certified recyclers.

Further eligibility and reporting requirements for the Plastic MDP Program can be found in the California Code of Regulations, Title 14, Division 2, Chapter 5, Subchapter 11.8, Article 1, §2880.

<http://www.consrv.ca.gov/DOR/crcp/recyclers/Images/Revplmktdevtxtmay30.pdf>

Contact:

Department of Conservation
Division of Recycling
Market Research Branch
Market Expansion Section
801 K Street, MS 17-24
Sacramento, CA 95814
(916) 323-5878

Instructions for Completing the Plastic MDP Claim Form (PMD 2 (03/07))

1. Mark the calendar quarter and year for the payment being claimed.
2. Enter your certification number (certified entities) or identification number (plastic product manufacturers).
3. Provide the facility name, mailing address, contact person and telephone number of the company where payment should be mailed.
4. Indicate the material type (flake, pellet or other form) processed or used for manufacturing by checking the appropriate box. If "Other" is checked, describe the form of the material.
5. Indicate by resin material type the weight to tenths of tons of CRV material shipped by the certified entity to the product manufacturer.

Prior to calculating the weight of the CRV material sold to a manufacturer, certified entities must exclude non-qualifying material (out of state, plant rejects, industrial scrap plastic, and other non-qualifying plastic material). Likewise, product manufacturers must exclude non-qualifying material in the same manner from the total weight of material purchased from the certified entity. (Manufacturers

may ask the certified entity to provide the excluded weight.)

Claimants then must multiply that weight by the current MDP Rate (the proportion of CRV material compared to non-CRV material, as established by statewide data) published on the Department's website to determine the net weight eligible for Market Development Payments.

EXAMPLE:

(Total PET Weight – non-qualifying materials) * MDP rate for PET = Amount eligible for MDP.

(1000 tons – 400 tons) * .92 = 552 tons. This is the amount eligible for MDP and recorded in the appropriate box of the Plastic MDP Claim Form (PMD 2 (03/07)).

Claimants should attach a separate spreadsheet to the Claim Form detailing this calculation.

6. Check the appropriate box indicating eligibility for claiming the MDP as either a certified entity or a California product manufacturer.
7. An authorized representative of your company must sign and date the Plastic MDP Claim Form (PMD 2 (03/07)) under penalty of perjury. This certifies the plastic materials were:
 - a) washed and processed in the state, and sold to a California product manufacturer, or
 - b) purchased from a certified entity in California and used to manufacture a product in California.
8. Certified entities submitting a claim must attach copies of invoices or other supporting documents describing:
 - a) the type and weight of CRV material sold or transferred, and
 - b) the name, California mailing address, contact person, telephone number and identification number of each California product manufacturer purchasing the material.
9. Product manufacturers submitting a Plastic MDP Claim Form (PMD 2 (03/07)) must attach copies of the bill of sale(s), invoice(s) or other supporting documents indicating:
 - a) the type and weight of the plastic beverage container material purchased from a certified entity, and
 - b) the name and certification number of the seller.
10. Within 30 business days after the Division completes its review and processing of the Plastic MDP Claim Form (PMD 2 (03/07)), the Division will notify all claimants of their total MDP.